Oryx Petroleum Q2 2018 Financial and Operational Results

Sizable increases in production, revenues and operating funds flow[1] with three wells added in recent months

Calgary, Alberta, August 8, 2018

Oryx Petroleum Corporation Limited ("Oryx Petroleum" or the "Corporation") today announces its financial and operational results for the three and six months ended June 30, 2018. All dollar amounts set forth in this news release are in United States dollars, except where otherwise indicated.

Financial Highlights:

- Total revenues of $17.9 million on working interest sales of 262,000 barrels of oil ("bbl") and an average realised sales price of $61.51/bbl for Q2 2018
  - 152% increase in revenues versus Q2 2017; 29% increase in revenues versus Q1 2018
  - The Corporation has received full payment in accordance with production sharing contract entitlements for all oil sale deliveries into the Kurdistan Region-Turkey Export Pipeline through April 2018. Oryx Petroleum's entitlement share of amounts receivable from oil sale deliveries for the months of May, June and July 2018 is $13.7 million
- Operating expenses of $3.6 million ($13.86/bbl) and an Oryx Petroleum Netback[2] of $23.00/bbl for Q2 2018
  - 42% decrease in operating expenses per barrel versus Q2 2017
  - Oryx Petroleum Netback[2] in Q2 2018 highest on record for a quarter
- Net loss of $3.5 million ($0.01 per common share) in Q2 2018 versus net loss of $9.2 million in Q2 2017 ($0.03 per common share)
- Operating Funds Flow[1] for Q2 2018 was $4.1 million compared to negative $2.1 million for Q2 2017 and positive $2.0 million for Q1 2018. The Corporation's improved Operating Funds Flow[1] is primarily due to higher production and a higher Oryx Petroleum Netback[2] which have contributed cash in excess of cash general and administrative expenditures
- Net cash used in operating activities was $1.6 million in Q2 2018 versus $1.2 million in Q2 2017. Net cash used in operating activities for Q2 2018 was comprised of positive Operating Funds Flow[1] of $4.1 million and a $5.7 million increase in non-cash working capital
- Net cash used in investing activities during Q2 2018 was $5.0 million including payments related to drilling and facilities work in the Hawler license area and seismic interpretation costs in the AGC Central license area
- $21.3 million of cash and cash equivalents as of June 30, 2018

[1] Operating Funds Flow is a non-IFRS measure. See the table below for a definition of and other information related to the term
[2] Oryx Petroleum Netback is a non-IFRS measure. See the table below for a definition of and other information related to the term

Operations Update:

- Average gross (100%) oil production of 6,100 bbl/d in July 2018 and 4,400 bbl/d (working interest 2,900 bbl/d) for Q2 2018 vs 2,900 bbl/d (working interest 1,900 bbl/d) for Q2 2017
    - 52% increase in Q2 2018 versus Q2 2017 and 16% increase versus Q1 2018
- The Banan-3 appraisal well targeting the Tertiary reservoir was spudded in May 2018, drilled to a measured depth of 500 metres, completed in open hole, and placed on extended test in early June
    - Average gross (100%) oil production of approximately 1,600 bbl/d for the month of July 2018
    - Gravity of stock tank oil has been measured at 26 degrees API with sulphur measured at 4%
    - The well demonstrates the productivity of the Tertiary reservoir at the Banan West field and management expects that oil reserves will be booked in this reservoir for the first time in 2018
- The Zey Gawra-3 appraisal well targeting the Cretaceous reservoir was spudded in May 2018, drilled to a measured depth of 2,100 metres utilising a horizontal well design, completed, stimulated, and placed on extended test in late June
    - Average gross (100%) oil production of approximately 800 bbl/d for the month of July 2018 and 1,700 bbl/d over the past 10 days
    - Gravity of stock tank oil has been measured at 35 degrees API
    - Horizontal well design enabled an isolation of the producing interval from overlying gas and underlying water in the reservoir
- Completion of the Banan-2 well in the Cretaceous reservoir was successfully completed and placed on extended test in late July 2018
    - Average gross (100%) oil production of approximately 1,100 bbl/d over the last 5 days with rate increases expected in the coming days
    - Gravity of stock tank oil has been measured at 21 degrees API
- Four additional new wells and one workover are planned for the remainder of 2018 targeting the Cretaceous reservoir at the Zey Gawra field, the Tertiary reservoir at the Banan field, and the Cretaceous reservoir at the Demir Dagh field, subject to performance of existing wells and funding availability
    - Infrastructure work needed to enable drilling of additional wells at the Banan and Zey Gawra fields has commenced
- Further interpretation of 3D seismic data covering the AGC Central license area and prospect ranking is ongoing with preparation for drilling to follow
- Sale of the Corporation's 30% interest in the Haute Mer B license offshore Congo (Brazzaville) ("Haute Mer B") to a subsidiary of Total SA, concluded in April 2018, is expected to close during the third quarter of 2018
    - Upon closing, Oryx Petroleum expects to receive cash consideration of $8.0 million plus $5.3 million reimbursement of costs incurred by Oryx Petroleum between January 1, 2018 and the date of the agreement

2H 2018 Forecasted Work Program and Capital Expenditures:

- 2018 capital expenditures are forecasted to be $51 million versus previous forecast of $52 million. Capital expenditures for the second half of 2018 are forecasted to be $36 million. Most expenditures will be dedicated to further appraisal and early development of the Hawler license area in the Kurdistan Region of Iraq and 3D seismic data processing and interpretation in the AGC Central license area. Planned expenditures for the second half of 2018 include wells not previously scheduled: a new well targeting the Zey Gawra Cretaceous reservoir and a workover of the Demir Dagh-8 well targeting the Cretaceous reservoir.

Liquidity Outlook:

- The AOG Credit Facility, which matures in July 2019, is expected to be restructured/rescheduled such that no cash outflow arises before 2020.
- The expanded discretionary drilling program planned for the second half of 2018 is conditional upon availability of sufficient funding. If existing and internally generated funds are insufficient, the Corporation's major shareholders have indicated that additional debt or equity capital could be made available in the range of $10-$15 million in order to commit to the drilling program as envisaged.
- The Corporation expects cash on hand as of June 30, 2018, cash receipts from export sales exclusively through the Kurdistan Region-Turkey Export Pipeline, expected net proceeds from the sale of its interest in the Haute Mer B license area, and, if needed, additional debt or equity capital of $10 - $15 million will allow it to fund its forecasted cash expenditures and to meet its obligations through the end of 2019, with the exception of the repayment of the AOG Credit Facility, which is expected to be restructured. Further capital is likely required in late 2019 and beyond to fund expected drilling in the AGC Central license area.

CEO's Comment

Commenting today, Oryx Petroleum's Chief Executive Officer, Vance Querio, stated:

"In recent months we have significantly increased production bringing three new wells online in the Hawler license area and we continued to mature our AGC Central exploration prospects.

Gross (100%) oil production from the Hawler licence area averaged 4,400 bbl/d in Q2 2018 and 6,100 bbl/d in July 2018 versus an average of 2,900 bbl/d in Q2 2017 and 3,800 bbl/d in Q1 2018. All oil production has been sold via the export pipeline and payments for export sales through the end of April 2018 have been received in full. Higher realised oil prices and lower operating expenses helped us achieve our highest quarterly netback and operating funds flow on record.

We have been very active with the drill bit in recent months. We spudded and successfully completed the Banan-3 appraisal well targeting the Tertiary reservoir at the Banan West field. The well is on extended test with average daily production of 1,600 bbl/d in July. We also spudded and successfully completed the Zey Gawra-3 well targeting the Cretaceous reservoir at Zey Gawra. A horizontal well design was utilised for the first time in the Hawler license area and this enabled the successful isolation of the oil producing interval from the underlying aquifer and the free gas in the natural gas cap. The Zey Gawra-3 well has produced at an average rate of 1,700 bbl/d over the past 10 days. Most recently, we completed the Banan-2 well, drilled in 2014 but suspended due to security developments in 2014, in the Cretaceous reservoir at the Banan West field. The Banan-2 well has been producing at an average rate of approximately 1,100 bbl/d over the past 5 days but we intend to increase the production rate in the coming days now that all drilling equipment has been demobilised from the well site.

We have an active drilling program planned for the remainder of 2018. We are planning to drill or workover five additional wells: two wells targeting the Demir Dagh Cretaceous, two targeting the Banan Tertiary and one targeting the Zey Gawra Cretaceous.

During Q2 2018 we also continued to study the AGC Central license area with additional interpretation and prospect selection ongoing and drilling preparation to follow as we prepare to begin exploration drilling.

We look forward to continuing to implement our plans in 2018 and achieving higher production in the Hawler license area and preparing for an exciting exploration drilling program in the AGC Central license area."

Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is United States dollars. References in this news release to the "Group" and/or "the Corporation" refer to Oryx Petroleum and its subsidiaries. The following table summarises selected financial highlights for Oryx Petroleum for the three and six month periods ended June 30, 2018 and June 30, 2017, as well as the year ended December 31, 2017.

	Three Months Ended June 30		Six Months Ended June 30		Year Ended December 31
($ in millions unless otherwise indicated)	2018	2017	2018	2017	2017
Revenue	17.9	7.1	31.8	15.0	37.4
Working Interest Oil Production (bbl)	261,700	169,100	483,800	340,300	781,400
Average WI Oil Production per day (bbl/d)	2,900	1,900	2,700	1,900	2,100
Working Interest Oil Sales (bbl)	262,000	168,800	484,700	338,500	779,200
Average Sales Price ($/bbl)	61.51	37.93	59.12	39.94	43.17
Operating Expense	3.6	4.0	6.8	8.3	15.5
Field production costs ($/bbl)(1)	10.60	18.25	10.66	18.71	15.20
Field Netback ($/bbl)(2)	19.45	0.27	18.22	0.80	5.89
Operating expenses ($/bbl)	13.86	23.89	13.94	24.46	19.87
Oryx Petroleum Netback ($/bbl)(3)	23.00	(1.15)	21.49	(0.53)	5.99
Net Profit (Loss)	(3.5)	(9.2)	(7.8)	(5.1)	(39.1)
Earnings (Loss) per Share ($/sh)	(0.01)	(0.03)	(0.02)	(0.02)	(0.11)
Operating Funds Flow(4)	4.1	(2.1)	6.1	(4.5)	(5.4)
Net Cash (used in) / generated by operating activities	(1.6)	(1.2)	(4.2)	1.0	(9.7)
Net Cash used in investing activities	5.1	10.9	12.3	14.3	22.3
Capital Expenditure(5)	8.8	0.8	14.9	(5.1)	3.3
Cash and Cash Equivalents	21.3	57.4	21.3	57.4	38.6
Total Assets	744.4	774.8	744.4	774.8	744.8
Total Liabilities	197.5	191.3	197.5	191.3	190.4
Total Equity	546.8	583.5	546.9	583.5	554.4

(1) Field production costs represent Oryx Petroleum's working interest share of gross production costs and exclude the partner share of production costs carried by Oryx Petroleum.

(2) Field Netback is a non-IFRS measure that represents the Group's working interest share of oil sales net of the Group's working interest share of royalties, the Group's working interest share of operating expenses and the Group's working interest share of taxes. Management believes that Field Netback is a useful supplemental measure to analyse operating performance and provides an indication of the results generated by the Group's principal business activities prior to the consideration of production sharing contract and joint operating agreement financing characteristics, and other income and expenses. Field Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies.

(3) Oryx Petroleum Netback is a non-IFRS measure that represents Field Netbacks adjusted to reflect the impact of carried costs incurred and recovered through the sale of cost oil during the reporting period. Management believes that Oryx

Petroleum Netback is a useful supplemental measure to analyse the net cash impact of the Group's principal business activities prior to the consideration of other income and expenses. Oryx Petroleum Netback does not have a standard meaning under IFRS and may not be comparable to similar measures used by other companies.

(4) *Operating Funds Flow is a non-IFRS measure that represents cash generated from operating activities before changes in non-cash assets and liabilities and changes in the retirement benefit obligation balance. The term Operating Funds Flow should not be considered an alternative to or more meaningful than "cash flow from operating activities" as determined in accordance with IFRS. Management considers Operating Funds Flow to be a key measure as it demonstrates the Group's ability to generate the cash flow necessary to fund future growth through capital investment. Operating Funds Flow does not have any standardised meaning prescribed by IFRS and may not be comparable to similar measures used by other companies. In previous disclosure, Operating Funds Flow was referred to as Operating Cash Flow.*

(5) *Capital Expenditure for the six months ended June 30, 2017 and year ended December 31, 2017 include credits of $7.3 million and $7.5 million, respectively, reflecting revisions of previously estimated costs related to the Hawler and OML 141 license areas. Capital expenditures for the three and six months ended June 30, 2017 and the year ended December 31, 2017, include non-cash credits of $2.8 million, $2.4 million and $2.4 million, respectively, relating to revisions to estimates associated with the Hawler license area decommissioning liabilities.*

- Revenue increased to $17.9 million in Q2 2018 versus $7.1 million in Q2 2017 due to a 62% increase in average oil sales prices and a 55% increase in oil sales volumes. Gross (working interest) production and sales of oil in Q2 2018 were 261,700 barrels and 262,000 barrels, respectively, versus 169,100 and 168,800 barrels, respectively, for Q2 2017. The average oil sales price realised in Q2 2018 was $61.51 per barrel versus $37.93 for Q2 2017. A new pricing agreement with the Ministry of Natural Resources of the Kurdistan Regional Government was implemented in Q2 2018 and applied retroactively to February 1, 2018. Realised oil sales prices subsequent to February 1, 2018 are referenced to monthly average Brent crude oil prices, discounted by approximately $8.00/bbl for pipeline system tariffs and fees, and adjusted for differences in API gravity and sulphur content relative to standard Brent crude oil specifications. In addition to oil sales, revenue includes the recovery of carried costs.
- Operating expenses in Q2 2018 decreased 10% to $3.6 million versus $4.0 million in Q2 2017 due primarily to lower security and technical support costs. Operating expenses on a per barrel basis declined 42% in Q2 2018 to $13.86/bbl versus $23.89/bbl in Q2 2017 due to lower costs and higher sales volumes. Per barrel operating expenses decreased slightly in Q2 2018 versus Q1 2018 as increased volumes offset the impact of additional costs associated with the start-up of the Banan field. Per barrel operating expenses are expected to continue to decrease as production increases to expected field plateau production levels. Oryx Petroleum currently carries the Kurdistan Regional Government's share of production costs. The Oryx Petroleum Netback achieved in Q2 2018 of $23.00 per barrel, a quarterly record, reflects the Field Netback plus adjustments for carried costs.
- General and administrative expenses decreased modestly to $2.4 million in Q2 2018 versus $2.5 million in Q2 2017.
- Loss for Q2 2018 decreased to $3.5 million as compared to the loss of $9.2 million in Q2 2017. The change in loss is primarily attributable to: i) an increase in net revenue of $6.0 million; ii) a $1.4 million decrease in finance expense; and iii) a $0.4 million decrease in operating expense. These positive factors were partially offset by a $1.5 million increase in depletion charge and a $0.9 million provision on trade and other receivables recorded in Q2 2018.
- Operating Funds Flow was $4.1 million for Q2 2018 compared to negative Operating Funds Flow of $2.1 million in Q2 2017. The positive change in Operating Funds Flow is primarily due to a higher Oryx Petroleum Netback in Q2 2018 versus Q2 2017.

- Net cash used in operating activities was $1.6 million in Q2 2018 versus $1.2 million in Q2 2017. The change is primarily due to higher Oryx Petroleum Netback, lower cash administrative costs, and an increase in non-cash working capital in Q2 2018 versus Q2 2017.
- Net cash used in investing activities decreased to $5.0 million in Q2 2018 as compared to $10.9 million in Q2 2017. The reduction is due primarily to a decrease in non-cash assets and liabilities of $3.3 million in Q2 2018 versus an increase of $7.4 million in Q2 2017. The difference in the change in non-cash assets and liabilities is partially offset by increased capital spending in both the Hawler and AGC Central license areas.
- Capital expenditures in Q2 2018 totalled $8.8 million including $8.2 million for facilities and drilling activities in the Hawler license area, and $0.6 million to interpret and analyse 3D seismic data and to prepare for drilling activities in the AGC Central license area.
- Cash and cash equivalents decreased to $21.3 million at June 30, 2018 from $27.9 million at March 31, 2018 reflecting cash investments and movements in related non-cash assets and liabilities partially offset by positive Operating Funds Flow.
- In March 2015, Oryx Petroleum entered into a Loan Agreement with The Addax and Oryx Group ("AOG") whereby AOG committed to provide a $100 million unsecured credit facility to Oryx Petroleum (the "AOG Credit Facility"). As at June 30, 2018 the balance owing under the facility totalled $81.1 million, including $4.0 million in accrued interest which has since been settled through the issuance of common shares.
  - Maturity date: July 1, 2019
  - Interest accrued after May 11, 2017 is settled through the issuance of common shares approximately every six months at the then current five day volume-weighted average trading price for the common shares
- Contingent upon declaration of commerciality of a second discovery in the Hawler license area, the Corporation is obligated to make further payments to the vendor of the Hawler license area.
  - As at June 30, 2018, the total balance of principal and accrued interest recognised under the contingent consideration obligation was $73.9 million. The remaining principal balance plus accrued interest is projected to be paid in four annual instalments beginning September 30, 2018
  - If the Corporation has not declared a second commercial discovery by September 30, 2018, the instalment payment schedule will no longer apply and the contingent consideration obligation, if subsequently triggered by a second commercial discovery, will revert to a single lump-sum payment obligation
- As at August 8, 2018, 480,611,754 common shares are outstanding. As at August 8, 2018 there are unvested Long Term Incentive Plan awards which will result in the issuance of up to an additional 9,496,149 common shares upon vesting.

2H 2018 Capital Expenditure Forecast

Oryx Petroleum planned capital expenditures for the second half of 2018 are $36 million as summarised in the following table:

Location	License/Field/Activity	2H 2018 Forecast
		$ millions
Kurdistan Region	Hawler	
	Zey Gawra-Drilling	8
	Demir Dagh-Drilling	4
	Demir Dagh-Facilities	2
	Banan-Drilling	8
	Banan-Facilities	2
	Other	3
	Total Hawler(1)	**27**
West Africa	AGC Central--Drilling Prep	2
	AGC Central—Other	7
	Capex Total(1)	**36**

Note:
(1) Totals may not add-up due to rounding.

Kurdistan Region of Iraq -- Hawler License Area

Demir Dagh drilling--consists of costs related to the workover of the Demir Dagh-8 well and, subject to the results of the Demir Dagh-8 workover, a short radius sidetrack of the previously drilled Demir Dagh-5 well.

Zey Gawra drilling--consists of the drilling of one new well targeting the Zey Gawra Cretaceous reservoir. This well was not previously planned.

Banan drilling--consists of i) the now completed re-entry, completion and testing of the Banan-2 well targeting the Cretaceous reservoir, which had been suspended since 2014 due to security developments, and ii) the drilling of two new wells targeting the Tertiary reservoir, subject to the ongoing performance of the first well targeting the Tertiary reservoir successfully drilled and completed in June 2018.

Demir Dagh facilities--comprised of modifications to the Hawler truck loading station needed to accommodate increased production, and minor infrastructure works.

Banan facilities--comprised of the construction of a truck loading station, a new drilling pad, and flowlines at the Banan field.

AGC Central License Area

Consists of preparation for drilling, facilities studies, and a final payment for the acquisition of 3D seismic data contingent upon entering the first renewal of the exploration period under the applicable production sharing contract which is expected in September 2018.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Oryx Petroleum's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2018 and the related management's discussion and analysis thereon. Copies of these documents filed by Oryx Petroleum may be obtained via www.sedar.com and the Corporation's website, www.oryxpetroleum.com.

ABOUT ORYX PETROLEUM CORPORATION LIMITED

Oryx Petroleum is an international oil exploration, development and production company focused in Africa and the Middle East. The Corporation's shares are listed on the Toronto Stock Exchange under the symbol "OXC". The Oryx Petroleum group of companies was founded in 2010 by The Addax and Oryx Group P.L.C. Oryx Petroleum has interests in three license areas, one of which has yielded an oil discovery. The Corporation is the operator in two of the three license areas. One license area is located in the Kurdistan Region of Iraq and two license areas are located in West Africa in the AGC administrative area offshore Senegal and Guinea Bissau, and Congo (Brazzaville). Further information about Oryx Petroleum is available at www.oryxpetroleum.com or under Oryx Petroleum's profile at www.sedar.com.

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Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including statements related to forecast work program and capital expenditure for 2018, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, ultimate recoverability of current and long-term assets, expected completion of interpretation of 3D seismic data from the AGC Central license area and plans to identify and map prospects in the AGC Central license area and prepare for drilling, expected entry into the first renewal of the exploration period under the AGC Central PSC in September 2018, possible commerciality of our projects, plateau production rates, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of June 30, 2018, cash receipts from export sales exclusively through the Kurdistan Region-Turkey Export Pipeline, expected net proceeds from the sale of its interests in the Haute Mer B license area, and, if needed, additional debt or equity capital of $10 - $15 million will allow the Corporation to fund its forecasted cash expenditures and to meet its obligations through the end of 2019, expected closing of a transaction to transfer the Corporation's interests in the Haute Mer B license area in Q3 2018, expected restructuring of the AOG Credit Facility, expected production rate increases for individual wells, management expectations regarding revisions to oil reserves estimates, the issuance of shares as a result of the vesting of Long Term Incentive Plan awards and in consideration of interest under the Loan Agreement with AOG, future requirements for additional funding, estimates for the fair value of the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the credit facility with AOG and the contingent consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as "may", "will", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "potentially", "project", or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Oryx Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. For more information about these assumptions and risks facing the Corporation, refer to the Corporation's annual information form dated March 23, 2018 available at www.sedar.com and the Corporation's website at www.oryxpetroleum.com. Further, statements including forward-looking information in this news release are made as at the date they are given and, except as required by applicable law, Oryx Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether as a result of new information, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Certain Figures

Unless provided otherwise, all production and capacity figures and volumes cited in this news release are gross (100%) values, indicating that figures (i) have not been adjusted for deductions specified in the production sharing contract applicable to the Hawler license area, and (ii) are attributed to the license area as a whole and do not represent Oryx Petroleum's working interest in such production, capacity or volumes.